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23-27, 1914. (Detroit, Mich.: H. M. Brown, secretary. 1915. Pp. 172.)

*Wholesale prices, Canada, 1914. Report by R. H. Coats.* (Ottawa: Dept. Labour. 1915. Pp. xvii, 259.)

The sixth in the Canadian series. No change has been made in the list of articles nor in the method of interpreting and combining data.

*Les affaires, la bourse, les banques et la guerre.* (Paris: Berger-Levrault. 1915. 1.25 fr.)

### Public Finance, Taxation, and Tariff

*Some Aspects of the Tariff Question.* By FRANK WILLIAM TAUSSIG. (Cambridge: Harvard University Press. 1915. Pp. x, 374. \$2.00.)

The appearance of a new book on the tariff by Professor Taussig is an event of importance, even though a good deal of its material has from time to time been published in the periodicals. The first 50 pages deal with principles—the relation of duties to prices and imports, the theory of protection to young industries, and the doctrine of comparative cost or advantage. The remaining 300 pages examine, with a wealth of detail, the working of these principles in the sugar, iron and steel, and textile industries of the United States.

Professor Taussig's method, long familiar to students in this field, is the method of refined common sense applied to complex problems—close reasoning from general principles, checked up by careful accumulation and interpretation of all revelant facts. His strictures on the pure fact method (pp. 155-58) are no less welcome than are his own carefully sifted data and his sober conclusions, in good part negative.

As for theory, the continuance of imports after the imposition of a duty shows "that the price of the commodity is higher within the country than without by the full amount of the duty" (p. 5). This fundamental theorem is carefully limited; yet even so Professor Taussig's discussion at times suggests a single domestic market and price, a condition that he would be the last to assert. Even more explicit recognition of geographical and other conditions as causing a variation or spread of domestic prices and costs alike would be welcome.

The existence of a wide range of costs among various establishments at one time is explicitly maintained for extractive in-

dustries (p. 11), but by implication is denied for manufactures (p. 10). Taking transportation into account, to go no further, the cost of many manufactures does vary widely in a country as large as ours, and it is hard to accept without qualification the dictum on page 10: "A duty on a manufactured product commonly is either so high as to keep out all imports, or so low as to admit all."

The doctrine of comparative advantage receives needed emphasis and restatement, and the distinguished author deserves the thanks of economic students for calling attention in so concrete a way to the dominance of this principle in international trade. He does not fall into the classical economist's error of interpreting the principle in terms of pain cost, but it must be confessed that his own statement leaves the matter a little vague: "A country under conditions of freedom tends to devote its labor and capital to those industries in which they work to the greatest effect" (p. 30). Not every reader is to be trusted to interpret such a statement in terms of profits.

The United States, in Professor Taussig's judgment, excels in industries dependent on rich natural resources, inventiveness in the making and skill in the using of machinery, mass production of homogeneous commodities, and, above all, skilled organization and management (p. 42). The discussion of this point is among the most interesting and suggestive parts of the book. Our country can maintain her present relative economic position, if she can maintain it at all, only by keeping ceaselessly ahead in the organization and technique of production, not by blocking the currents of international trade. It is a sound conclusion well put.

The conception of "dominant" industries as setting wage standards is helpful, and the elementary fact, often forgotten, that uniform burdens on all industries, such as high wages, do not disable them from international competition, is abundantly shown. Necessarily less satisfactory is the discussion of how far the actual cheapness of unskilled immigrant labor, for example, has served to give dominance to American industries utilizing it. The skill with which American business genius has made use of this as of dozens of other special advantages for this or that particular industry, however, is admirably brought out. The whole volume centers around the concept of comparative advantage.

In its emphasis on the human element in that principle, and in the application of it to the United States, Professor Taussig's work far surpasses anything heretofore published.

The specific conclusions of the book are designed to answer so far as may be the question how well protection to young industries has succeeded with us. The sugar duties have been enormously expensive; they have brought in large revenue, but have been paid increasingly to Hawaiian and other insular sugar-growers. Now that they are at last about to become somewhat less burdensome in proportion to the revenue they yield, we propose to abandon them. Our progress in iron and steel has been due to rich natural resources and especially to the qualities of our industrial leaders. Protection at best may claim a doubtful share. Clearly it had nothing to do with our copper industry, but it may possibly have achieved its end in tinplate. It can not be held greatly responsible for the growth of trusts in these industries. In textiles, our silk industry may fairly be credited to protection, perhaps. Our cotton manufacture apparently owes little to legislation, and wool manufacture is in doubtful condition, despite a half-century of unremitted high protection. The conclusions thus summarily stated are carefully put by Professor Taussig, and are supported by a mass of detailed evidence.

His conclusion is not unfavorable to protection so far as it is based on the young-industries argument, and he regards other economic claims as unwarranted. In his desire to be fair to the protectionists, he seems to me to yield too much. At most, his evidence shows that protection may sometimes be economically useful if intelligently or luckily applied. If it is applied, as it is in fact, on political and not on economic grounds, if a generation is required to determine its economic results (p. 23), and if a mistaken application inevitably means a demand for more protection, at increasing cost to the community, does not common sense, on a balance of probabilities, dictate the rejection of protection as an economic measure? Of course the military or political argument is not thereby directly affected. Does not the saner analysis of our day after all, however, lead the economist to pretty much the same conclusion as that of his classical forbears? And can he not state his conclusion with equal clearness?

Like the author's *Tariff History*, the present volume will undoubtedly become a standard work in its field. Its conservative

theorizing, with due emphasis on essentials, its store of detailed and sifted information, its eminent fairness, its caution in conclusion and generalization—all combine to make it a model of what such a work ought to be, at once a thoughtful presentation of an important if hackneyed problem, and a substantial contribution to the economic history of our country.

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*The Valuation of Urban Realty for Purposes of Taxation. With Certain Sections Especially Applicable to Wisconsin.* By WILFORD ISBELL KING. University of Wisconsin Economic and Political Science Series, Vol. VIII, No. 2. (Madison: Bulletin of the University of Wisconsin. 1914. Pp. 133-246. 25 cents.)

Mr. King has performed a service to all assessors by this study of the principles which should govern the assessment of urban real estate, and by explaining practical methods of standardizing assessments to the end that all owners of real estate shall pay their share of taxes in proportion to the value of their property.

First there is a discussion of the value of land, what is meant by the term, and the various evidences of value which may be used to determine value. The practical difficulties arising from the fluctuating prices influenced by various conditions are then pointed out and recommendation is made of remedies for the unequal assessments which are too common in every state. The practical remedies recommended by Mr. King are four.

1. Assessment of all property at full value.
2. Assessment by trained assessors holding office for long terms.
3. Complete publicity.
4. A definite system of valuation.

To obtain assessment of real estate at full value, supervision by the state is necessary. In no case should state taxes be wholly dependent upon the valuation of local assessors. Trained assessors can be obtained only by appointment, not by election; and no person who has not first passed a rigid examination should be eligible for appointment. Permanent tenure of office, subject to removal for cause, is a necessary condition. These statements must commend themselves to all who are familiar with actual conditions.